

Testimony - MTA
Donna Burke, Vice President of External Affairs, SBC Michigan
House Energy & Technology Committee
Wednesday, Oct. 12, 2005
9 a.m.

Good morning Chairman Nofs and Committee members. My name is Donna Burke. I am Vice President of External Affairs for SBC Michigan.

Thank you for allowing me the opportunity to talk today about SBC's position on the Michigan Telecommunications Act and House Bill 5237.

First, I'd like to commend the House committee for the thoughtful process set up to draft and discuss this bill. House Bill 5237 is a good starting point and moves our state in the right direction – toward innovation, not regulation. SBC opposes any attempt to increase regulations, especially given the competitive nature of today's marketplace.

Unfortunately, the Senate yesterday took a giant step backwards by voting to handcuff Michigan's telecommunications companies with new regulations. The changes made to the Senate bill puts Michigan consumers at a disadvantage by increasing regulations that will drive prices up and stifle technological advancements. The bill also creates an unfriendly environment for doing business in the state.

At a time when the state is struggling with one of the highest unemployment rates in the nation, Legislators should be adopting policies that put Michigan on the cutting edge of innovation and job creation. The Senate failed to do that yesterday.

The Michigan House Energy and Technology Committee is moving in the right direction to create legislation that will put consumers in the driver's seat of a competitive marketplace and allow Michigan's telecom companies to invest in Michigan.

We support the strong consumer protections in HB 5237, such as anti-slamming, anti-cramming, Lifeline and hard-of-hearing relay standards in the bill.

One key amendment needed for the House Bill is to restore the regulated, basic, local service offering to 50 calls. Fifty out-going calls provides the amount necessary for basic, local service to customers that do not want or need unlimited local calls or a local package of bundled services. Current SBC customers who have Call Plan 50 make an average of 34 calls per month. Calls above the limit are only rated at 6.6 cents per call.

Increasing the number of calls in the primary basic local service offering will force rate increases, hurting seniors and low-income families as monthly phone bills go up.

There are three additional areas of concern that should be addressed as you work together to develop the best telecom law for Michigan.

First, state policies should be **consistent with federal law** and not go beyond federal policies with more stringent requirements.

The Michigan Public Service Commission should not have the authority to implement rates, terms or conditions that go beyond the federal rules.

For example, the MPSC should have authority to implement wholesale pricing, unbundling and interconnection rules that mirror federal requirements.

Second, the Act should **eliminate broad-reaching regulatory discretions** granted to the Michigan Public Service Commission. It's important for processes at the Commission to be streamlined. Consistency is key for any business.

Third, where public policy goals require some regulation, such as for basic residential service, it should **apply equally to all market participants**. That means all providers of basic local exchange service should be required to make the Basic Residential Service available as a condition to operate in the state.

Less government restrictions allow new technologies to flourish. A good example of this is the explosion of such technologies as wireless, broadband, and phone service over the Internet. All of these technologies enjoy few regulatory obstacles. The result has been more choices for consumers.

An article in last month's Detroit News made a great point for all those skeptics who fear less regulation. The reporter wrote, that with senior citizens making up the fastest-growing segment of mobile phone users, it's time regulators start easing their grip on old-line phone companies whose rivals in the wireless world barely feel the grip of regulators at all.

Quoting from the article – "Ma Bell haters will predict calamity.... Hardly. In this 21st-century communications bazaar, those days are as dead as Detroit's automotive Golden Age. Now, only the competitive survive. "

I could not have said it better – and I am glad you are hearing those words from someone outside of the telecommunications industry. It has more meaning than just coming from me.

In summary, the rewrite of the Michigan Telecommunications Act must position consumers in the driver's seat, encourage vigorous investment, promote innovation, not regulation, encourage competition in our industry, and reduce regulatory barriers to the arrival of new services and choices for consumers.

Thank you for your time. I am happy to answer any questions.